

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

WASHINGTON, DC OFFICE  
330 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-5476

DES MOINES OFFICE  
400 EAST COURT AVE., SUITE 346  
DES MOINES, IA 50309  
(515) 400-8180

COUNCIL BLUFFS OFFICE  
501 5TH AVE.  
COUNCIL BLUFFS, IA 51503  
(712) 890-3117

CRESTON OFFICE  
208 WEST TAYLOR  
CRESTON, IA 50801  
(515) 400-8180

October 26, 2020

The Honorable Jovita Carranza  
Small Business Administration  
409 3<sup>rd</sup> St, SW  
Washington, DC 20416

Dear Administrator Carranza,

After hearing from my constituents, I am writing with concerns over fraudulent loans within the Economic Injury Disaster Loans (EIDL) offered by the Small Business Administration (SBA). Specifically, I have heard from Iowans who received notice that an EIDL loan was taken out in their name when in fact it is a case of stolen identity and fraud. Some did not even receive a notice but learned through other means that loans have been taken out under their name. I am writing to request information about how many Americans may have to deal with this issue and how SBA plans to address these fraudulent loans in cases of stolen identity.

Specifically, several of my constituents are receiving mailed notices from SBA for large loans, tens of thousands of dollars, under their name and/or social security number that they did not take out themselves. As expected, those who are now the victims of this fraud and are potentially on the hook for thousands of dollars are rightfully concerned – especially during this pandemic and economic recession. While it is unfortunately common to see scams and cases of fraud increase during a disaster or crisis, Iowans are already struggling with the challenges this year has presented: a derecho storm that devastated entire towns and millions of acres of crops, a drought that has further strained yields for farmers, and a pandemic that has forced small businesses in and out of shutdown, strained working families to the breaking point, and put our health and wellbeing in jeopardy. This is another blow Iowans simply cannot afford.

As you know, in July the SBA's own Inspector General raised concerns regarding potential fraud, and insufficient processes within SBA to prevent that from occurring.<sup>1</sup> While the SBA does appear to have taken some steps to reduce the likelihood of fraud, that process continued well into August.<sup>2</sup> As of August 14<sup>th</sup>, almost 3.5 million loans had been made through EIDL for more than \$180 billion, all of which are at heightened risk of fraud.<sup>3</sup> Billions more were provided

---

<sup>1</sup> [https://www.sba.gov/sites/default/files/2020-07/SBA\\_OIG\\_Report\\_20-16\\_508.1.pdf](https://www.sba.gov/sites/default/files/2020-07/SBA_OIG_Report_20-16_508.1.pdf)

<sup>2</sup> <https://www.pogo.org/investigation/2020/09/a-disaster-small-business-administration-scrambling-to-stop-pandemic-loan-fraud/>

<sup>3</sup> <https://www.sba.gov/sites/default/files/2020-08/EIDL%20COVID-19%20Loan%208.15.20-508.pdf>

as grants through the EIDL Advance program, including which is similarly at risk of fraud. One analysis found that at least \$1.3 billion went to ineligible businesses.<sup>4</sup>

My constituents and all Americans who have been the victims of this fraud need help here, and while I and my staff are ready to help, we'll need assistance from the SBA to actually resolve these problems. As you are likely aware, a common fraud perpetrated is one where a child's name and social security numbers are used. Given that a child is unlikely to check their credit for years, even a decade or more, this type of fraud is extremely damaging to their future and is often discovered only after that damage has been done. As you assist Americans, I request you make a special effort to ensure fraud against children is discovered.

I seek answers to the following questions in order to better help constituents get these problems cleared up, and also to better understand how many fraudulent loans were made by the SBA, for how much money, and how the SBA plans to go about identifying fraud in both EIDL and EIDL Advance distributions.

1. What can my constituents do to check if this happened to them?
2. If a constituent discovers that a loan was taken out in their name, but they did not borrow this loan, what should they do?
3. What processes does SBA have in place to both prevent fraud in new loan applications and identify fraud with already distributed assistance?
4. Public analyses have looked for categories of loans that are ineligible, like those to businesses that are newly formed and duplicate loans. Based on SBA's analysis, how many EIDL advances and loans does SBA believe were categorically fraudulent, and what methods has SBA used to identify any further fraudulent loans, like those made with another person's information?
5. The SBA IG's report came out July 28<sup>th</sup>. Given that nearly \$30 billion of loans have been made since then, and loans continue to be made, what improvements has SBA made to reduce ongoing fraud in the program?
6. SBA has seen fraudulent loans made after prior disasters – how were people able to resolve issues in those cases, and how did SBA identify them in those situations?

Given the time sensitive nature of this issue for those with these loans, please respond no later than 11/10. My office stands ready to help get information or assistance to our constituents, so please include any aid we can provide in your answers. Should you have any questions, please contact Will Binger in my office at [will.binger@mail.house.gov](mailto:will.binger@mail.house.gov)

Sincerely,



Cindy Axne  
Member of Congress

---

<sup>4</sup> <https://news.bloombergtax.com/daily-tax-report/phantom-companies-got-more-than-1-billion-in-coronavirus-aid>